DOCUMENT RESUME

ED 313 952 HE 023 057

AUTHOR Newman, James F.
TITLE The Development of a Course in Financial Statement Analysis for the Dowling College M.B.A. Program. Curriculum and Program Planning.
PUB DATE Jan 86
NOTE 44p.; Ed.D. Practicum, Nova University.
PUB TYPE Dissertations/Theses - Practicum Papers (043) -- Reports - Research/Technical (143)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS *Business Administration Education; Course Content; *Curriculum Development; Educational Development; *Educational Planning; *Finance Occupations; Graduate Study; Higher Education; Professional Education
IDENTIFIERS *Dowling College NY; *Financial Analysis

ABSTRACT

In the development of a course in financial statement analysis, the following procedures were implemented: analysis of new accounting pronouncements, new textbooks, and articles on the topic of financial statement analysis; establishment of goals and objectives for the course; and selection of text and content of the course. The course was proposed through the proper channels and approved at all levels to be offered as part of the M.B.A program, meeting such goals and objectives as: preparing students for careers in finance; fostering clear and critical thinking; and providing students with the understanding and knowledge to properly interpret financial statements. A major recommendation in conjunction with the introduction of the course was that other finance oriented courses be introduced as quickly as possible. It was also recommended that the new course be available to students as quickly as possible and that any discussions and/or correspondence with persons in the business community include the information about the course. Two appendices are the Dowling College new course proposal form and the new course proposal for financial statement analysis. Contains 16 references and a bibliography with 31 entries. (SM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED313952

THE DEVELOPMENT OF A COURSE IN FINANCIAL STATEMENT ANALYSIS FOR THE DOWLING COLLEGE M.B.A. PROGRAM

CURRICULUM AND PROGRAM PLANNING

by

James F. Newman, M.B.A.

Dowling College

DR. PHYLLIS COOPER

PHILADELPHIA CLUSTER

A PRACTICUM PRESENTED TO NOVA UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF DOCTOR OF EDUCATION

NOVA UNIVERSITY

JANUARY 1986

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

✓ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

James F. Newman

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

HE 023 057

BEST COPY AVAILABLE

ABSTRACT

THE DEVELOPMENT OF A COURSE IN FINANCIAL STATEMENT ANALYSIS FOR THE DOWLING COLLEGE M.B.A. PROGRAM

James F. Newman, M.B.A.

The purpose of this practicum was to develop a course in Financial Statement Analysis for the Dowling College M.B.A. Program in order to strengthen and to diversify the offerings within the Program. This practicum was undertaken as a part of the Curriculum and Program Planning seminar offered by Nova University.

In a survey of business faculty members, Newman (1985:12) noted that faculty contended that there was a lack of concentrations in the Program, particularly in the areas of Finance and Marketing. Both of these areas are important in the world of business.

Based upon these observations and upon the fact that Dowling College cannot offer an M.B.A. major in Finance at this time, a decision was made to expand the offerings in Finance so that at some future date, enough courses would be in place to restructure the present degree program by splitting it up into at least three disciplines - Management, Finance and Marketing. The purpose would be to formalize distinctions that would exist when enough courses were in place for each of these disciplines.

The first new course in Finance to be offered is Financial Statement Analysis, therefore, the purpose of this practicum was to design a course in this most important area of Finance. This course, in addition to the core course, Financial Management, which is already being taught will form the foundation upon which a degree in Finance will be offered in the future in the M.B.A. Program.

Goals and objectives for the course were first established and then a text was selected that would satisfy these goals and objectives. The text had to provide the proper up-to-date content without duplicating that which is being taught in other courses. Instructional strategy was left to the individual professor teaching the course as was the method of evaluating students.

The course was submitted to the Business Administration faculty, the Curriculum Committee, the Faculty Administration Senate and the Administration in that order. It was approved at all levels and can now be offered to students as part of the M.B.A. Program.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
Background and Significance	3
PROCEDURES	8
RESULTS	13
Text and Content	14
Course Outline	14
Instructional Strategies	15
Student Evaluation	16
Course Evaluation	16
DISCUSSION, IMPLICATIONS AND RECOMENDATIONS	16
Discussion	17
Instructional Methodology	19
Implications	20
Recommendations	21
REFERENCES	22
BIBLIOGRAPHY	24
APPENDICES	27
A. DOWLING COLLEGE NEW COURSE PROPOSAL FORM	28
B. NEW COURSE PROPOSAL FOR FINANCIAL STATEMENT ANALYSIS	31

INTRODUCTION

Cook (1981:1), in the Curriculum and Program Planning Study Guide, has written:

> Man has the unique opportunity to decide what he will teach himself. In so doing, he determines what he will learn and thus become. Nowhere is there etched in stone what ought to be the curriculum of our colleges, schools, business training programs, or the like.

With this in mind, the M.B.A. program at Dowling College was examined for strengths, weaknesses, opportunities and threats as perceived by the Business Administration Division faculty (Newman, 1985). One weakness perceived by several of the faculty was the lack of concentrations in Finance and Marketing. This is a serious problem within the M.B.A. program since it limits enrollment to those who are only interested in a degree in Management. In discussions with various business people, both of these functional areas were again stressed as being important in the world of business. In a May 1982 survey of Long Island students taking the SATs, 929 students out of 8918 respondents listed Business/Commerce, Business Management/Industrial and Finance and Banking as a preference area of study and career (Newman, 1982:1). Newman (1982) wrote and presented a new undergraduate degree program in Finance for Dowling College. This proposal was approved at all college levels and has recently received New York State Education Department approval. In addition, a survey of Dowling students was

conducted in 1983 to determine how many would change majors from the present Management or Accounting majors to other majors such as Finance or Marketing. Ninety-four students, almost 20% of the respondents, selected Finance. There was reason to believe that this same desire existed on the part of the M.B.A. students. To determine if this assumption was valid, a sample survey was made of M.B.A. students enrolled in Summer Session I, 1985. Sixteen students in two classes participated in this survey. Ten of those sixteen responded that they would like to see Dowling College offer an M.B.A. major in Finance. Five answered that they would take a course in International Finance if offered. Nine would take a course in Investment Analysis and Financial Statement Analysis if offered.

Based upon these observations and upon the fact that Dowling College cannot offer an M.B.A. major in Finance at this time, a decision was made to expand the offerings in Finance so that at some future date, enough courses would be in place to restructure the present Management degree by splitting it into at least three degrees - Management, Finance, and Marketing. The purpose would be to formalize distinctions that would exist when enough courses were in place for each of these disciplines.

The first course to be offered is Financial Statement Analysis, therefore, the purpose of this

practicum was to design a course in Financial Statement Analysis. The writing and proposing of a particular course is a most appropriate subject for the seminar, Curriculum and Program Planning, conducted by Nova University.

Background and Significance

A controller is the financial executive of a large or medium sized corporation who combines the responsibilities for accounting, auditing, budgeting, profit planning, performance reporting, tax control, and other corporate activities (Goodman, 1978:66). Essentially, the function of a controller is to maintain some type of control and measurement of operations of a business. In this role, the controller has been cast as an internal quantitative consultant who through various techniques, disciplines and objectivity can assist in many areas of the company to optimize a company's programs. The controller is a financial analyst and strategist who will play a more important role in decision making in the future (Newman, 1982:1). The Financial Executives Institute outlines a controller's functions as follows:

1. Planning for control.
2. Reporting and interpreting.
3. Evaluating and consulting.
4. Tax administration.

5. Governmental reporting.

6. Protection of assets.

7. Economic appraisals.

Controllership tends to be oriented toward providing support for the achievement and maintenance of management controls (Knight, 1982:88).

The demand for competent financial managers is expanding. Financial managers are called upon by top management for data, analysis, and advice related to a vast array of decision making activities. The lack of financial acumen is a major cause for business failures.

In most firms, responsibility for financial planning and management belongs to the chief financial officer, the controller, who must analyze past and present programs to plan and prepare future programs and long range capital expenditure proposals. A firm operates not only within itself but within the framework of the general economic environment. It is involved in forecasting the outlook of the firm, the general outlook for the industry within which it operates, the political environment within which it must operate and the general economic outlook for the country. In many instances, finance officers must also understand the international environment in which the firm must operate. They must be able to evaluate the multitude of investment programs to be considered by top management. The financial officers' task is to maximize the wealth of shareholders. They must know management's

attitude toward risk and understand its financial goals. Financial officers must consider company policy, available capital and company objectives and recommend the best course(s) of action.

In administering the firms' funds, financial officers must of necessity become involved in all company activities. They must be involved in financial control as well as financial planning in order to increase the firms' rate of return. By controlling continuing activities, financial officers help direct firms toward their corporate goals.

During the past decade, profound changes have taken place that have changed management thinking with respect to the role of the chief financial officer. Problems have become more complex and require imaginative solutions and decisions. Financial officers must, therefore, render economic judgments as well as custodial financial judgments. Social demands have changed the nature and motivation of many corporate actions. Government regulation has placed additional demands on the financial officer.

To be effective, financial managers must be part of top management teams. To be part of top management teams, they must be prepared to assume their share of the responsibility for running the business, for participating in management deliberations, and for providing financial data. Financial officers are uniquely qualified for this

role as they have contact with every function of the business. To be involved in every function of the business, financial officers must be professsionally trained, be able to organize ideas, time, functions, and finances and form logical conclusions. The education of a financial officer must, of course, include accounting but must also include a broad academic exposure to other disciplines of management such as finance, economics, investments, data processing and business law. The education of financial officers should include basic philosophical studies aimed at broadening their intellectual horizon and teaching them to think in a clear, logical, thorough and disciplined manner (Bennett and Newman, 1984:23).

Bernstein (1978:3) states that:

> Financial statement analysis is the judgmental process which aims to evaluate the current and past financial positions and the results of operations of an enterprise, with the primary objective of determining the best possible estimates and predictions about future conditions and performance.

Lev (1974:1) notes that financial statement analysis is an information-processing system designed to provide data for decision makers and that this information is basically derived from published financial statements. Lev (1974: 1) states that

> The major groups of users are investors, for making portfolio decisions; management, for evaluating the operational and financial efficiency of the firm as a whole and of subunits

> (e.g., departments); lenders, for determining the credit worthiness of loan applicants; labor unions, for establishing an economic basis for collective bargaining; regulatory agencies (e.g., FPC, SEC, etc.), for controlling the activities of subordinated units; and researchers in economics and business administration, for studying firm and individual behavior.

Understandability is a desired quality in financial reporting according to the Financial Accounting Standards Board. The Financial Statement Analysis course is designed to enhance the students' understanding of financial statements. Accounting is mainly concerned with the mechanics of preparing financial statements based upon generally accepted accounting principles (GAAP) but in order to analyze financial statements properly, users must have a basic understanding of the concepts and principles underlying their preparation (Gibson and Frishkoff, 1983: 2). This course will enable the student to better understand the accounting process and to be able to utilize the end product of accounting, the financial statements, to make sound financial decisions.

Realizing that Dowling's M.B.A. program was lacking courses that prepare students for important Finance positions, this course "Financial Statement Analysis" was presented. It can prepare students for careers in controllership and financial management and also help prepare students seeking to qualify for the Certificate in Management Accounting (CMA), the private sector counterpart of the Certified Public Accountant.

CPA candidates will find this course most useful for exam and career preparation. Future Chartered Financial Analysts, Chartered Life Underwriters, bank lending officers, credit analysts, and investors, as well as others with financial responsibilities will also find this course one that will assist them in future financial decision making.

PROCEDURES

In an effort to develop a course in Financial Statement Analysis the following procedures were implemented. A careful analysis was made of new accounting pronouncements, new textbooks and articles on the topic of Financial Statement Analysis.

Goals and objectives for the course were established. Goals are "generally what is to become of the students" (Cook, 1981:24). Goals note the general direction of desired outcomes (Hunkins, 1980:19). Objectives are much more specific. Carlisle (1979:482) stated that objectives are general statements of a future result or condition an organization desires to achieve. An objective is "a specific, observable student action or product of student action." An objective must have three parts. They are: first, specify something the student is to do; second, state the circumstances under which he will do it; and third, note the degree of accuracy with which he will perform the action (Cook, 1981:24). Goals and

objectives are necessary to legitimize the course and give it direction, both of which are necessary.

Next, the text and the content of the course were selected. To do so required answering such questions as:

1. What content is needed by the clientele?

2. Are there certain needs which future employees are likely to have?

3. Is the content likely to be approved by the curriculum committee or other governing body within the organization?

4. Does the content duplicate that of other courses or training programs in the organization?

5. Does the content achieve a proper "fit" with that of other courses or other training programs within the organization?

6. Is the proposed content up-to-date knowledge?

7. Will the proposed content assist the educational unit in meeting its goals? (Cook, 1981:29-30).

To answer these questions required an analysis of current texts available, topical articles, and discussions with Finance and Accounting professors who work in the field. No duplication of other courses resulted and the course has a proper "fit" with other courses. To ensure that up-to-date knowledge will be taught, supplementary material, mainly Financial Accounting Standards Bulletins, (FASBs), will be utilized.

Financial statements are comprised of five basic elements - assets, liabilities, shareholders' equity, revenue and expenses. These elements and their inter-relationships must be analyzed in order to understand the

published financial statements and be in a position to utilize their contents in financial decision-making. The major purpose of Accounting is to provide data, quantitative in nature, to users of financial statements so that they may make sound financial decisions. These decisions, however, can only be made after careful analysis of the financial statements and their component elements. Gibson and Frishkoff (1983:2) stated that in order to analyze financial statements properly, users must have a basic understanding of the concepts and principles underlying their preparation as well as an understanding of the basic elements of such statements.

The four financial statements used are the income statement, the statement of retained earnings, the balance sheet and the statement of changes in financial position. Gibson and Boyer (1969:25) stated that in order to evaluate the financial position of an entity, it is necessary to understand these statements and to be aware of their problems and limitations. Bernstein (1978:3) stated that:

> Financial statement analysis is the judgmental process which aims to evaluate the current and past financial positions and the results of operations of an enterprise, with the primary objective of determining the best possible estimates and predictions about future conditions and performance.

The current and past financial positions of a firm are shown in the balance sheet while the results of operations are shown in the income statement. Lev (1974:1) noted

that financial statement analysis is designed to provide data for decision makers and that this data is derived from published financial statements.

In the analysis of financial statements, analysts have available a variety of tools from which they may choose those best suited to their specific purposes (Bernstein, 1978:66). These tools include ratio analysis, horizontal analysis, vertical analysis, trend analysis and certain types of specialized analyses. The understanding and use of these tools/techniques comprise an important part of this particular course. Gibson and Boyer (1979: 69) stated that these techniques are used to emphasize the comparative and relative importance of the data presented and to evaluate the position of the firm.

Using this information about the requirements for financial statement analysis, the text was selected that would appropriately cover the necessary material. The material to be covered as listed in Appendix B covers such topics as the objectives of analysis, the relationship of statement analysis and accounting, the accounting objectives, conventions and standards, the tools of analysis, the analysis of assets (all categories), liabilities, stockholders' equity, income statement analysis, earnings per share, the analysis of the statement of changes in financial position, liquidity and solvency analysis, return on investment and asset utilization analysis as well as an analysis of the

statement of retained earnings. The analysis of assets, liabilities, and stockholders' equity along with liquidity and solvency analysis covers balance sheet analysis.

The questions posed by Cook (1981:29-30) have all been answered satisfactorily. The content needed by the clientele, as determined by the experts in the field, has been selected. Future requirements should not vary greatly from the present. Keeping abreast of current pronouncements (FASBs) of the Financial Accounting Standards Board will be an integral part of the course, thus up-to-date knowledge will always be taught.

Instruction is the means employed by teachers, designers of materials, curriculum specialists, and others whose purpose it is to develop an organized plan to promote learning (Gagne and Briggs, 1974:19). Instructional strategies will vary with the instructors.

A means of evaluating students, consisting of examinations, term papers, term projects, participation or some combination thereof will be established by each individual professor teaching the course. Academic freedom plays a role in this regard. Cook (1981:38) stated that some of the following may be questions which should be considered at this level:

1. Did our students learn the intended content?

2. How do our students feel about the manner in which they are being taught?

3. How do the performances of our instructors rate?

Of course, these questions will actually be answered only after the course has been taught but they were considered when writing the course. The decision, based upon discussions with other faculty members, was to leave the evaluation method to the individual professor since the question of academic freedom was raised.

Using the proper Dowling College form (Appendix A), the course was proposed through the proper channels which included the Business Administration Division, the Curriculum Committee, the Faculty-Administration Senate, and the Administration.

RESULTS

Following the aforementioned procedures, the course, Financial Statement Analysis, was written and proposed using the proper form (Appendix B) through the proper channels which included the Business Administration Division, the Curriculum Committee, the Faculty-Administration Senate, and the Administration. The course was approved at all levels and will now be offered to students as part of the M.B.A. Program.

Goals and objectives were established.

Goals:

1. To prepare students for careers in Finance.

2. To foster clear and critical thinking.

3. To enable students to understand the financial officer's responsibility for the analysis and interpretation of financial statements, the management of

of the organization's asset and financial structure, and the role of financial statements in financial management.

Objectives:

1. To provide the student with an understanding of the data presented on and extracted from the financial statements.

2. To provide the student with the understanding and knowledge to properly interpret financial statements.

3. To provide the student with an understanding of the key aspects of decision making and the role of financial statements in that decision making.

4. To provide the student with an understanding of the processes and methodology of analysis for proper evaluation.

5. To provide the student with the knowledge and understanding of the accounting concepts and principles which underly the statements.

6. To provide the student with an understanding of the processes of income determination and asset and liability measurement and the possible distortions to which they may be subject.

Text and Content

After considering the above listed goals and objectives, a text was selected. A number of textbooks were examined in order to select the most appropriate one. Financial Statement Analysis, 3rd edition by Leopold Bernstein and published by Richard D. Irwin, Inc. was selected as having the most appropriate content to meet the perceived present and future needs of business.

Course Outline

Following is the course outline as exhibited in Appendix B. The outline shows that the basic financial

statements and their component elements, the tools of analysis, the objectives, conventions and standards of accounting, and the interrelationships of these items will be covered in the course.

Week	Chapter	Topic
1	1	Objectives of financial statement analysis
2	2	Financial statement analysis & accounting
3	3	Accounting objectives, conventions and standards
4	4	Tools of financial statement analysis
5	5	Analysis of current assets
6	6	Analysis of noncurrent assets
7	7	Analysis of liabilities
8	8	Analysis of stockholders' equity
9	10	Analysis of income statement I
	11	Analysis of income statement II
10	12	Analysis of earnings per share - computation and evaluation
10	13	Statement of changes in financial position
11	16	Analysis of short-term liquidity
12	18	Analysis of capital structure and long-term solvency
13	19	Analysis of return on investment and of asset utilization
14	20	Analysis of results of operations I
	21	Analysis of results of operations II

Examinations will be given at regular intervals. The term project will be turned in as determined by the individual instructor.

Instructional Strategies

Instructional strategies will vary with the individual instructors and since academic freedom is a concern at Dowling College, no particular instructional strategy was mandated. Instructional strategies will be established by each individual professor in order to attain the desired performance objectives.

Student Evaluation

Academic freedom also plays a role in student evaluation procedures and therefore the professors teaching the course will be responsible for establishing the evaluation procedures. This may involve examinations, term papers, term projects, participation or some combination thereof. The important concern is whether the evaluation methods properly determine the extent to which the students have learned the course content and meet the performance objectives.

Course Evaluation

Periodic evaluations of the course will be undertaken by the Division faculty in conjunction with the instructor(s) teaching the course. These reviews will be made to determine if the course goals and objectives are being met. Evaluations by students may be one method used to determine the effectiveness of instruction and whether the goals and objectives, as perceived by students, are being met.

DISCUSSION, IMPLICATIONS AND RECOMMENDATIONS

There are many implications for Dowling College as a result of this course having been introduced. There are also implications that affect the students in the M.B.A. Program. The introduction of this course led to certain recommendations.

Discussion

In selecting a text for the course, certain questions had to be answered. What content is needed by the clientele? This information was determined through a study of prior Certified Public Accounting and Certified Managerial Accounting examinations as well as a number of major firms' annual reports. Many textbooks were examined in order to select one that was considered appropriate.

The text, Financial Statement Analysis, 3rd ed. by Bernstein was approved by the Business faculty as being appropriate. The Curriculum Committee, the Faculty-Administration Senate and the Administration concurred. The content does not duplicate that of other courses, does achieve a proper "fit" with that of other courses, and contains up-to-date knowledge.

This course will definitely assist the Business Administration Division meet its educational goals and also assist Dowling in its mission

> ". . . . to educate citizens who will have the ability to understand, reason, and communicate about significant issues within a democratic framework; to prepare persons who will be able to contribute to the cultural, educational, political, and economic life of Long Island; to offer students opportunities to improve their personal, cultural, and economic lives; . . . . "(Middle States, 1983:1-3).

One goal of Dowling College is to provide students with opportunities to improve upon their abilities to understand, analyze critically and communicate about

complex issues. Another Dowling College goal is to provide students with opportunities enabling them to advance in their economic and professional lives. Dowling does this by providing students with an education that develops many different skills, some general and some specific; by offering courses of study relevant to career opportunities; by equipping students with the skills needed for employment; by preparing students for career advancement and flexibility through the development of independent learning and sound judgment. Dowling College has a goal to assure that prospective graduates have mastered fundamental skills of analysis and communication and have achieved competence in their major field of study (Middle States, 1983:1-3). The course, Financial Statement Analysis, will help Dowling meet its mission and its goals by graduating students who can understand financial statements, the key aspects of decision making, the processes and methodology of analysis for proper evaluation, the accounting concepts and principles underlying the financial statements and the processes of income determination and asset and liability measurement and the possible distortions to which they may be subject. Understanding these, students are prepared to participate constructively in a changing world, to advance in their economic and professional lives, for career advancement and flexibility, to make sound judgments and to achieve competence in the field of Finance. Gitman (1985:13)

states that students need the skills and knowledge to understand financial management and must have analytical/ problem solving/creative abilities. The aim of the Business Division is to provide students with a knowledge of business and the skills necessary for success in business. Financial Statement Analysis will provide the opportunity for the student to achieve this understanding and these skills.

Instructional Methodology

Dressel (1982:401-402) states that instruction that provides structure has many synonyms: catechization, coaching, schooling, teaching, tutoring, conditioning, inculcation, drilling, indoctrination, rehearsing, training, pedagogy, didactics, eduction, education, guidance, exemplifying, and modeling. Some emphasize teacher activity, some a routine process yielding rote learning while some suggest a systematic or scientific approach to instruction and others suggest influencing learning by motivation and suggestion. Modeling and exemplifying present the teacher as a model or exemplar for the learner.

Instructors must be and will be allowed to teach this course, as all others, as they see fit provided they meet the goals and objectives as delineated. Strategy has been described as the path to the objective/goal. Many paths exist and each instructor may arrive on a different

path. Academic freedom demands this and Dowling College allows this. No restrictions will be imposed upon the instructor nor will any explicit guidelines be established as to methodology.

Implications

The introduction and approval of this course in Financial Statement Analysis has many implications for Dowling College. The door has been opened to the introduction into the M.B.A. program of other Finance courses which in turn will open the door to the introduction of an M.B.A. program in Finance. This will lead to increased enrollment thus ensuring the continuation of the Dowling M.B.A. Program and help ensure the future success and survival of Dowling itself.

The introduction of this course will enable students to broaden their knowledge in an area that is of vital concern to top management. Knowledge in this area will enable graduated students to take their place in top management and have a better understanding of the firm's operations, its transactions and their effect on the financial life of the firm. Having this knowledge will make them better managers. Firm executives, once they know Dowling is committed to expanding its program, will be more apt to encourage employees to attend Dowling. The introduction of this course in Finance is a major landmark in the future development of the M.B.A. Program.

Recommendations

A major recommendation, in conjunction with the introduction of this course, was that other Finance oriented courses be introduced as quickly as possible. The future introduction of an M.B.A. in Finance was also recommended. A high priority recommendation was that this new course be made available to the students as quickly as possible and that any discussions and/or correspondence with persons in the business community include the information about this course. Another recommendation was that the advisors be made aware of the value of this course in the development of managers in general, not just in the Finance field. A good manager must be able to analyze the firm's financial status. This requires having the proper tools of analyzation and knowing how to use these tools. Financial Statement Analysis provides the tools and the knowledge of their use. Properly used, these tools make managers more efficient and effective.

REFERENCES

Bennett, C.E. and James F. Newman. "Request for Program Registration - Bachelor of Business Administration - Finance." Oakdale, N.Y.: Dowling College, 1984.

Bernstein, Leopold. Financial Statement Analysis: Theory, Application, and Interpretation. 3rd ed. Homewood, Ill.: Richard D. Irwin, Inc., 1978.

Carlisle, Howard M. Management Essentials, Concepts and Applications. Chicago, Ill.: Science Research Associates, Inc., 1979.

Cook, Joseph B. Study Guide: Curriculum and Program Planning. Ft. Lauderdale: Nova University, 1981.

Dressel, Paul L. "Curriculum and Instruction in Higher Education." Encyclopedia of Educational Research. 5th ed. New York: The Free Press, A Div. of Mac Millan Pub. Co. Inc., 1982.

Gagne, Robert M. and Leslie J. Briggs. Principles of Instructional Design. New York: Holt, Rinehart and Winston, 1974.

Gibson, Charles H. and Patricia A. Boyer. Financial Statement Analysis. Boston, Mass.: CBI Publishing Co. Inc., 1979

Gibson, Charles H. and Patricia A. Frishkoff. Financial Statement Analysis. 2nd ed. Boston, Mass.: Kent Publishing Co.,1983.

Gitman, Lawrence J. Principles of Managerial Finance. 4th ed. New York: Harper & Row, Pub., 1985.

Goodman, Sam R. and James S. Reece. Controller's Handbook. Homewood, Ill.: Dow Jones-Irwin, 1978.

Hunkins, Francis P. Curriculum Development - Program Improvement. Columbus, Ohio: Charles E. Merrill Publishing Co., 1980.

Knight, Henry C. "The Corporate Controller's Difficult Job." Journal of Accountancy, January, 1982.

Lev, Baruch. Financial Statement Analysis: A New Approach. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1974.

Middle States Self-Study Report. Oakdale, N.Y.: Dowling College, 1983.

Newman, James F. Bachelor of Business Administration Degree Proposal: BBA - Finance - Controllership. Oakdale, N.Y.: Dowling College, 1982.

Newman, James F. Environmental Scanning as a First Step to Strategic Planning in the M.B.A. Program at Dowling College. Oakdale, N.Y.: Dowling College, 1985.

BIBLIOGRAPHY

Baker, H.K. and J.A. Haslam. "Information Needs of Individual Investors." Journal of Accountancy, November, 1973.

Bennett, C.E. and James F. Newman. "Request for Program Registration - Bachelor of Business Administration - Finance." Oakdale, N.Y.: Dowling College, 1984.

Bernstein, Leopold. Financial Statement Analysis: Theory, Application, and Interpretation. 3rd ed. Homewood, Ill.: Richard D. Irwin, Inc., 1978.

Bullock, J. "Hints on How to Prepare for the CMA Examination." Management Accounting, March, 1982.

Carlisle, Howard M. Management Essentials, Concepts and Applications. Chicago, Ill.: Science Research Associates, Inc., 1979.

Cook, Joseph B. Study Guide: Curriculum and Program Planning. Ft. Lauderdale: Nova University, 1981.

Dressel, Paul L. "Curriculum and Instruction in Higher Education." Encyclopedia of Educational Research. 5th ed. New York: The Free Press, A Div. of Mac Millan Pub. Co. Inc., 1982.

Fleenor, C. Patrick, David L. Kurtz and Louis E. Boone. The Changing Profile of Business Leadership. Business Horizons. July-August, 1983.

Foster, George. Financial Statement Analysis. Englewood Cliffs, N.J.: Prentice Hall, Inc., 1978.

Foulke, R.A. Practical Financial Statement Analysis. 6th ed. New York: Mc Graw-Hill Book Co., 1968.

Gagne, Robert M. and Leslie J. Briggs. Principles of Instructional Design. New York: Holt, Rinehart and Winston, 1974.

Gibson, Charles H. and Patricia A. Boyer. Financial Statement Analysis. Boston, Mass.: CBI Publishing Co.Inc., 1979.

Gibson, Charles H. and Patricia A. Frishkoff. Financial Statement Analysis. 2nd ed. Boston, Mass.: Kent Publishing Co.,1983.

Bibliography (Continued)

Gitman, Lawrence J. Principles of Managerial Finance. 4th ed. New York: Harper & Row, Pub., 1985.

Goodman, Sam R. and James S. Reece. Controller's Handbook. Homewood, Ill.: Dow Jones-Irwin, 1978.

Grablowsky, Bernie J. and Dexter R. Rowell. "The Market for Finance Majors: The Myths and Realities Reconsidered." Journal of Financial Education, Fall, 1980.

Hunkins, Francis P. Curriculum Development - Program Improvement. Columbus, Ohio: Charles E. Merrill Publishing Co., 1980.

Klein, Heywood. "Financial Officers: Often in Demand as Companies Seek Cost-Cutters." The Wall Street Journal, November 22, 1982.

Knight, Henry C. "The Corporate Controller's Difficult Job." Journal of Accountancy, January, 1982.

Krogstad, J.L. and J.K. Harris. "CMA Examination: A Content Analysis." Management Accounting, Fall, 1977.

Lev, Baruch. Financial Statement Analysis: A New Approach. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1974.

Madden, D.L. "CMA Examination: A Step Toward Professionalism." Management Accounting, October, 1974.

Middle States Self-Study Report. Oakdale, N.Y.: Dowling College, 1983.

Newman, James F. Bachelor of Business Administration Degree Proposal: BBA - Finance - Controllership. Oakdale, N.Y.: Dowling College, 1982.

Newman, James F. Environmental Scanning as a First Step to Strategic Planning in the M.B.A. Program at Dowling College. Oakdale, N.Y.: Dowling College, 1985.

Pollock, John A., John R. Bartol, Bruce C. Sherony and George R. Carnahan. "Executives' Perceptions and Future M.B.A. Programs." Collegiate News & Views, Spring, 1983.

Bibliography (Continued)

Sloan, Donald R. "The Education of the Professional Accountant." The Journal of Accountancy, March, 1983.

Sprouse, R.T. and R.J. Swieringer. Essentials of Financial Statement Analysis. Reading, Mass.: Addison Wesley Pub. Co., 1972.

Walsh, Francis J. Jr. and Jeremy Bacon. "Duties and Problems of Chief Financial Executives." National Industrial Conference Board, 1968.

Weimer, George A. "Finance Favored as Key to Executive Boardroom." Iron Age, April 16, 1979.

Williams, E.E. and M.C. Findlay. Investment Analysis. Englewood Cliffs, N.J.: Prentice Hall Inc., 1974.

APPENDICES

APPENDIX A

DOWLING COLLEGE NEW COURSE PROPOSAL FORM

Discipline(s) approval_____

Division Coordinator and/or
Program Director Approval

_____

_____

NEW COURSE PROPOSAL

I. 1. Name(s) of Sponsor(s)*_____

2. Semester to be initially offered_____

3. Title of Course_____

4. Discipline(s)_____Division_____Course #_____

5. Level of Course_____Number of Credits_____

6. For whom is the course designed?_____

7. Prerequisites_____

II. Instructors:*

1. How many instructors will be required to staff this course?_____
If more than one, how is the load to be split?
_____

2. Do the present projections require this course to be taught by an adjunct faculty member?*_____

III. Proposed course to be offered:

___each semester ___each year ___every other year
___experimental or one time only basis

IV. Relationship to discipline and division offerings:

Does this course duplicate material of other courses:

a. in the discipline?_____
b. in the division?_____
c. in other divisions?_____

If so, to what extent?

* Courses sponsored and/or taught by adjunct faculty shall include a resume.

V. Other:

1. Does the course replace other material which will be deleted?_____
   If so, please explain.

2. Has a similar course been offered?_____

3. Does this course relate to new or current research? _____ New approaches?_____
   Please describe:

4. Does this course relate to the curricular objectives of the discipline and/or division?_____
   Please explain:

5. Can the course be thought of as:

   a. a required course._____If so, for what?_____
   b. Strongly advised discipline elective?_____
   c. Strongly advised division elective?_____
   d. Free elective for any college student?_____

VI. Objectives:

1. Why are you offering this course? What do you hope to achieve and how will you know you have achieved it?

2. Course description for catalogue:

3. Please list on a separate sheet texts and working bibliography.

4. Synopsis and course outline (list on separate sheet).

APPENDIX B

NEW COURSE PROPOSAL FOR FINANCIAL STATEMENT ANALYSIS

Discipline(s) approval_____

Division Coordinator and/or
Program Director approval

_____

NEW COURSE PROPOSAL

I. 1. Name(s) of Sponsor(s)* James F. Newman

2. Semester to be initially offered Spring 1986

3. Title of Course Financial Statement Analysis:

4. Discipline(s) Bus.-MBA Division(s) Business
Course Number BUS XXX

5. Level of Course Graduate Number of credits 3

6. For whom is the course designed? MBA students

7. Pre-requisites ACC 189 or equivalent, BUS 212

8. Maximum recommended class size 25

II. Instructors:*

1. How many instructors will be required to staff this course One
If more than one, how is the load to be split?

2. Do the present projections require this course to be taught by an adjunct faculty member?* No

III. Proposed course to be offered:

___each semester X each year ___every other year
___experimental or one time only basis

IV. Relationship to discipline and division offerings:

Does this course duplicate material in other courses:

a. in the discipline? No
b. in the division? Yes
c. in other divisions? No

If so, to what extent?

There is a Financial Statement Analysis course at the U.G. level. This is often taught at both levels. It

is used in the training of security analysts preparing for the Chartered Financial Analysts examinations, accountants preparing for the CPA and CMA examinations, those preparing for the Chartered Life Underwriters Certification, Bank Lending Officers, Credit Analysts, and investors. The graduate level course will cover the same basic concepts but in greater depth as to the statements themselves, particularly the 10-K reports required by the SEC. The analysis of a firm's annual report will be more detailed. More emphasis will be placed on the current pronouncements of the Financial Accounting Standards Board (FASB), the SEC and other groups. Many MBA students have never had such a course. Many are not Dowling graduates and even some of the graduates of the Dowling Business Division have not taken the course at the undergraduate level. Many MBA students were not even business majors at the undergraduate level.

V. Other:

1. Does the course replace other material which will be deleted? No
   If so, please explain.

2. Has a similar course been offered? No

3. Does this course relate to new or current research? Yes New approaches ____
   Please describe:

   In order to analyze financial statements, one must have a basic understanding of the principles and concepts underlying the statements preparation. Emphasis will be put on the concepts and principles as set forth by the Financial Accounting Standards Board, the SEC and other organizations that impact on the Finance and/or Accounting fields. This course will offer a comprehensive and up-to-date treatment of analysis. Current statements are prepared using current principles. Current students must understand these current principles.

4. Does this course relate to the curricular objectives of the discipline and/or division? Yes
   Please explain:

   This is a necessary course in the training of managers who must make critical financial

decisions. Financial statements are usually the source of data for these decisions. A thorough understanding of the data being analyzed as well as an understanding of the methods of analyzation is essential to the modern manager and the training of future managers is an objective of the Division.

5. Can the course be thought of as:

a. a required course No If so, for what?_____
b. strongly advised discipline elective? Yes
c. strongly advised division elective? Yes
d. free elective for any college student? No

VI. Objectives:

1. Why are you offering this course? What do you hope to achieve and how will you know you have achieved it?

Managers must make critical financial decisions. Decision making requires a thorough knowledge of financial statement analysis. Statement analysis is a judgmental process which evaluates the current and past financial position and results of operations of a firm with the objective of determining estimates and projections about the future financial position and results of operations of the firm.

Objectives:

A. To provide the student with an understanding of the data presented on and extracted from the financial statements.
B. To provide the student with the understanding and knowledge to properly interpret financial statements.
C. To provide the student with an understanding of the key aspects of decision making and the role of financial statements in that decision making.
D. To provide the student with an understanding of the processes and methodology of analysis for proper evaluation.
E. To provide the student with the knowledge and understanding of the accounting concepts and principles which underly the statements.
F. To provide the student with an understanding of the processes of income determination and asset and liability measurement and the possible distortions to which they may be subject.

2. Course description for catalogue:

   Comprehensive and up-to-date treatment of the analysis of financial statements as an aid to decision making. Application of analytical tools to financial statements. An extensive review of financial statements, SEC reports (10-Ks, etc.) and accounting pronouncements. Examination of the processes and methodology of statement analysis.

3. Please list on a separate sheet texts and working bibliography.

   See attached.

4. Synopsis and course outline (list on separate sheet).

   See attached.

* Courses sponsored and/or taught by adjunct faculty shall include a resume.

Financial Statement Analysis James F. Newman
BUS XXX

Text: Financial Statement Analysis, 3rd ed.
Author: Leopold A. Bernstein
Publisher: Irwin Publishing Co.

Suggested Readings: N.Y. Times, Wall Street Journal, Fortune, Forbes, Business Week, Harvard Business Review, Barron's, Financial Accounting Standards Bulletins (FASBs).

Course Objectives:

To present a comprehensive and up-to-date treatment of the analysis of financial statements as an aid to decision making. While financial statement analysis serves many and varied purposes, its major usefulness is in making investing and lending decisions which requires the application of thorough analysis to carefully evaluated data. Managers must make critical decisions. Decision making requires a thorough knowledge of Financial Statement Analysis. Statement analysis is a judgmental process which evaluates the current and past financial position and results of operations of a firm with the objective of determining estimates and projections about the future financial position and results of operations of the firm.

A. To provide the student with an understanding of the data presented on and extracted from the financial statements.
B. To provide the student with the understanding and knowledge to properly interpret financial statements.
C. To provide the student with an understanding of the key aspects of decision making and the role of financial statements in that decision making.
D. To provide the student with an understanding of the processes and methodology of analysis for proper evaluation.
E. To provide the student with the knowledge and understanding of the accounting concepts and principles which underly the financial statements.
F. To provide the student with an understanding of the processes of income determination and asset and liability measurement and the possible distortions to which they may be subject.

Financial Statement Analysis - Con'd.

This course will aid the student by bringing into sharper focus the knowledge and skills required for the intelligent analysis of financial statements. The student will be able to read and understand a modern set of published financial statements and to comprehend complex financial communications.

Course Description:

Comprehensive and up-to-date treatment of the analysis of financial statements as an aid to decision making . Application of analytical tools to financial statements. An extensive review of financial statements, SEC reports (10-Ks, etc.) and accounting pronouncements. Examination of the processes and methodology of statement analysis.

Requirements:

The student must have read the assigned material and completed the assigned work before each class. Each student must be able to discuss the chapter material. Two examinations, midterm and final, will be administered.

Using the tools presented in the textbook, the student must thoroughly analyze a firm's annual report, including the 10-K report. The analysis will include the Income Statement, the Balance Sheet, Statement of Changes in Financial Position, Statement of Retained Earnings and the 10-K report data.

Material To Be Covered:

Week	Chapter	Topic
1	1	Objectives of financial statement analysis
2	2	Financial statement analysis & accounting
3	3	Accounting objectives, conventions and standards
4	4	Tools of financial statement analysis
5	5	Analysis of current assets
6	6	Analysis of noncurrent assets
7	7	Analysis of liabilities
8	8	Analysis of stockholders' equity
		M I D T E R M E X A M I N A T I O N
9	10	Analysis of income statement I
	11	Analysis of income statement II
10	12	Analysis of earnings per share - computation and evaluation

Material to be covered - Con't.

Week	Chapter	Topic
10	13	Statement of changes in financial position
11	16	Analysis of short-term liquidity
12	18	Analysis of capital structure and long-term solvency
13	19	Analysis of return on investment and of asset utilization
14	20	Analysis of results of operations I
	21	Analysis of results of operations II
15		F I N A L E X A M I N A T I O N

Bibliography for Financial Statement Analysis Course
MBA BUS XXX

Baker, H.K. and Haslem, J.A. "Information Needs of Individual Investors." Journal of Accountancy, November, 1973.

Bulloch, J. "Hints on How To Prepare for the CMA Examination." Management Accounting, March, 1982.

Demski, J.S. "Choice Among Financial Reporting Alternatives." The Accounting Review, April, 1974.

Foster, George. Financial Statement Analysis. Englewood Cliffs, N.J.: Prentice Hall, Inc., 1978.

Foulke, R.A. Practical Financial Statement Analysis. New York: Mc Graw Hill, 1968.

Gibson, Charles H. and Patricia A. Boyer. Financial Statement Analysis. Boston, Mass.: CBI Pub. Co. Inc., 1979.

Goodman, Sam R. and James S. Reece. Controllers' Handbook Homewood, Ill: Dow Jones-Irwin, 1978.

Krogstad, J.L. and J.K. Harris. "CMA Examination: A Content Analysis." Management Accounting, October, 1974.

Sloan, Donald R. "The Education of the Professional Accountant." The Journal of Accountancy. March, 1983.

Sprouse, R.T. and R.J. Swieringa. Essentials of Financial Statement Analysis. Reading, Mass.: Addison Wesley, 1972.

Walsh, Francis J. Jr. and Jeremy Bacon. "Duties and Problems of Chief Financial Executives." National Industrial Conferences Board. 1968.

Williams, E.E. and M.C. Findlay. Investment Analysis. Englewood Cliffs, N.J.: Prentice Hall. Inc., 1974.